

## **House Finance Committee Unveils Substitute Budget Bill**

On Thursday, May 2, the House Finance Committee adopted a substitute version of HB 166, the state budget bill for Fiscal Years (FY) 2020 and 2021. OEA appreciates that the House proposal provides an additional \$125 million over the biennium to support disadvantaged students as proposed by Governor DeWine.

While the Fair School Funding Plan was not included in the substitute bill, OEA remains hopeful that work will continue to improve Ohio's school funding formula that currently falls short of meeting the needs of students and the school districts that educate them.

OEA also applauds the removal of the Governor's proposals for modifications to the Academic Distress Commissions. The provisions would have resulted in a vast and rapid expansion of state power over school districts. It is anticipated that HB 154, the bill that repeals the state takeover law and restores local control, that was recently passed by the House will be included in the budget omnibus amendment next week.

Additionally, OEA supports the removal of language that would have changed the definition of full-time equivalent students who are eligible for state subsidies at community colleges. OEA believes this change would have negatively impacted approximately six community colleges.

While OEA believes some matters have been improved, we are seeking additional changes to the budget bill. OEA Government Relations staff is currently reviewing the language in the bill and will provide additional details as they become available. HB 166 is expected to have additional amendments and a vote next week.

Below is a synopsis of the major changes to substitute HB166:

### **K-12 Education**

#### **School Funding**

- Provides an additional \$675 million, instead of \$550 million, over the biennium, to support disadvantaged students by providing wraparound services, mental health counseling, physical health care services, mentoring, professional development when trauma-driven care may be required, and other means of addressing student needs
- Retains the requirement that school districts coordinate plans for using these funds with at least one community partner (ex. educational service centers, county mental health, addiction and job and family services agencies)
- Distributes the funds based on the percentage of students living in poverty in a district
  - Every district would be guaranteed a minimum of \$25,000 in FY 2020 and \$36,000 in FY 2021 from the new fund
  - The per student amounts will range from \$20 to \$250 in FY 2020 and \$30 to \$360 in FY 2021
- School districts would see the same foundation funding for FY 2020 and 2021 as they did in FY 2019
- Continues the current pass-through funding model for charter and vouchers students

- Appropriates \$20 million in FY 2021 to assist school districts in purchasing school buses under a new program to be established by the Ohio Facilities Construction Commission

## Academic Distress Commissions

- Removes the provisions opposed by OEA regarding Academic Distress Commissions
- Prohibits the Superintendent of Public Instruction from establishing any new Academic Distress Commissions between the bill's effective date and June 30, 2021

## Licenses for Substitute Teaching

- Permits an individual who does not hold a degree in education or other subject area directly related to the class being taught to provide substitute instruction in a core subject area for an unlimited number of days, provided the individual: (1) holds a long-term substitute license issued prior to November 2, 2018; or (2) holds a substitute license issued on or after November 2, 2018, and satisfies the long-term substitute licensure criteria as it existed prior to November 2, 2018. Specifies that an individual who holds a license described in (1) or (2) above is a "properly certified or licensed teacher" who may provide instruction in a certain core subject area. Permits the provisional employment of an individual who does not yet hold a license but satisfies the former long-term substitute licensure criteria, provided an application for licensure has been submitted on or before the individual's first day of employment.

## Alternative Resident Educator Licenses

- Replaces the current option for an alternative resident educator license applicant to meet pedagogical training requirements through a teacher preparation training program offered by a nonprofit organization with the option to complete the preservice training provided to participants of a teacher preparation program approved by the Chancellor of Higher Education (DHE). Allows a nontraditional teacher candidate to complete a program operated by a for-profit organization to meet the pedagogical training requirement, thereby increasing the options available to such candidates. May increase DHE's administrative workload to review and approve additional programs.

## Report Cards

Use of value-added progress and performance index score grades:

- Specifies that the calculation of the value-added progress must use not more than one academic year's worth of growth data.
- Specifies that the higher of the performance index score or the value-added progress score be used for the overall grade on the state report card and for any sanction or penalty to be based on the measures. Prohibits the use of both measures for those purposes.
- Makes conforming changes to sanctions, penalties, and other qualifications in certain provisions of law affected by the performance index score and the value-added progress

measures, including Ed Choice scholarships, the Columbus parent trigger pilot project, definition of a "challenged school district" for purposes of locating start-up charter schools, eligibility for charter schools to change sponsors, and charter school closure.

- The provisions above may reduce the number of districts and public-school buildings that are subject to sanctions and penalties, which, in turn, may affect district and charter school revenues and expenditures. As a point of reference, for the 2017-2018 report cards, 41 school districts and 215 traditional district buildings with an overall grade of "D" or "F" received a "C" or higher on the performance index or overall value-added measures.

Charter schools at risk of closure - Issuance of preliminary report card data:

- Requires ODE, by July 31 of each year, to submit both of the following: (1) Preliminary report card data for overall academic performance and for each separate performance measure for each school district, school building, and charter school; (2) Preliminary data on charter schools at risk of being permanently closed.

ODE failure to assign report card ratings by statutory deadline – charter sponsor ratings:

- Specifies that, if ODE fails to assign letter grades each year on the state report card for a school district or building by the deadline specified in current law (September 15th, or the preceding Friday if that day falls on a Saturday or Sunday), ODE must assign the school district or building the same grade for each measure that it was assigned for the previous school year or a "B" for each measure, whichever is the higher per measure.
- Requires that, if ODE fails to assign a rating for a charter school sponsor by November 15th each year in accordance with current law, ODE must assign the sponsor the same rating for each component that it was assigned for the previous school year or an "effective" rating for all components, whichever is the higher per component rating.
- Specifies that, if ODE fails to assign report card ratings or sponsor ratings by the deadlines specified in current law, those ratings, as well as any from previous years, will not be considered in determining whether a school district, building, or sponsor is subject to sanctions or penalties, thereby creating a new starting point for determinations that are based on ratings over multiple years.

Statutory changes to report cards - effect on penalties or sanctions:

- Specifies that, if any statutory change is made to the calculation or determination of grades or to the graded measures on the state report card, the report card ratings issued for the school year in which the change takes effect and any previous report card ratings are not considered when determining whether a school district or school is subject to penalties or sanctions. (Essentially, any change creates a new starting point for any determinations made based on report card ratings over multiple years.) This may reduce the number of districts or schools subject to penalties or sanctions in a given year if changes are made to the report card, which may, in turn, affect school district revenues and expenditures and state expenditures for academic distress commissions.

## Charter Schools

- Retains \$60 million over the biennium for a new program called “Quality Community School Support”
  - ODE must pay each charter considered to be a “school of quality” \$1,750 in each fiscal year for each student identified as economically disadvantaged and \$1,000 in each fiscal year for each student that is not identified as economically disadvantaged
- Requires that a charter school sponsor with an overall rating of "effective" for at least three consecutive years be evaluated by ODE once every five years, instead of annually as under current law.
- Requires ODE, prior to the publication of the final ratings for charter school sponsors, to permit each sponsor to review the information used by ODE to determine the sponsor's rating on the academic performance component and to request an adjustment to the sponsor's rating for that component, if it believes there is an error in ODE's evaluation. (Current law permits sponsors to review and request adjustments only on the "adherence to quality practices" and "compliance with laws and rules" components of the sponsor evaluation system.)
- Changes the report card measure for dropout prevention and recovery schools of the percentage of 12th grade students who have attained the designated passing score on all applicable high school assessments to the percentage who have attained the cumulative performance score on the end-of-course exams.
- Requires the State Board of Education to coordinate a committee of appointees from the Senate, the House of Representatives, the Governor's office, and the State Board to conduct a study of charter schools that primarily serve students enrolled in dropout prevention and recovery programs that offer two or more of the following models: (1) blended learning, (2) portfolio learning, and (3) credit flexibility.
  - Requires the State Board to submit the committee's recommendations to the General Assembly within six months after the bill's effective date. Prohibits ODE from issuing report cards for charter schools in which a majority of students are enrolled in dropout prevention and recovery programs operated by those schools until the General Assembly enacts the committee's recommendations or takes other legislative action that addresses the classification, authorization, and report card ratings of such schools.
- Requires each internet- or computer-based charter school (e-school) to prepare and submit to ODE, in a time and manner prescribed by ODE, a report that contains information about all of the following: (1) classroom size, (2) student-teacher ratio per classroom, (3) the number of student-teacher meetings conducted in-person or by video conference, and (4) any other information determined necessary by ODE. ODE must annually prepare and submit to the State Board of Education a report that contains the e-school reporting information received by ODE.

- Requires each internet- or computer-based charter school (e-school) to do all of the following:
  - (1) Develop an individual learning plan for each student that enrolls in the school.
  - (2) Include in its attendance policy provisions for determining whether a student is considered enrolled in the school if the student (a) is participating in learning opportunities during at least 90% of school days or (b) is on pace for on-time completion of any course in which the student is enrolled. Specifies that a student is absent if one or both of those conditions are not met during any day in which the student fails to participate in learning activities.
  - (3) Notify a student's parent, guardian, or custodian when a student has been absent for 10 or more school days in a school year.
  - (4) Include in its policy guidance to employees in addressing student absences a tiered consequences procedure that includes student disenrollment for continued failure to comply with an individual learning plan.
  - (5) Provide a student's parent, guardian, or custodian with available alternative educational options when a student is disenrolled.
- Specifies that "learning opportunities" offered by an e-school include any of the following that a student is expected to complete, participate in, or attend during any given school day: (1) online logins to curriculum or programs, (2) offline activities, (3) assignments within a particular program, curriculum, or class, (4) testing, (5) in-person communication, (6) telephone or video conferences, and (7) e-mail, texts, phone calls, or other meetings.
- Revises the criteria for closing a charter school for schools that are not dropout prevention and recovery schools, which may reduce the number of charter schools subject to permanent closure. For example, requires permanent closure for a school that offers up to third grade if, for the three most recent school years (instead of two of the three most recent school years, as under current law), the school received (1) a report card grade of "F" on the Improving Literacy in Grades K-3 measure or (2) an overall grade of "F"
- Requires ODE, by August 31 of each year, to publish separate lists of the following: (1) charter schools that have become subject to permanent closure as required by law; (2) charter schools that are at risk of becoming subject to permanent closure for academic underperformance; (3) All "challenged" school districts in which new start-up charter schools may be located.

## Other

- Requires ODE to establish a program under which higher-poverty public schools must offer breakfast to all students during the school day
  - Phases in the program over three years by requiring a public school in the first year where at least 70% of students were eligible for free or reduced priced meals in the prior school year to participate in the program

- Reduces the participation threshold to 60% in the second school year and to 50% in the third school year and thereafter
- Prohibits a school district from reducing transportation it provides to students that the district is not required to transport after the first day of the school year
- Permits an elector residing in school district territory located within a township that is split between two or more districts to petition for the transfer of territory to another adjacent school district
  - Requires such a proposal to be placed on the ballot at the next general, primary, or special election not less than 90 days after the certification if the board of elections certifies that the petition is signed by at least 10% of electors within the territory proposed to be transferred and voting in the last general election
- Permits schools districts to allow a student to use two full seasons of show choir to fulfill high school physical education requirements
- Permits licensed chiropractors and medical professionals listed on the National Registry of Certified Medical Examiners in addition to those already authorized to perform the annual medical examination for bus drivers as required by State Board of Education rules
- Requires a performance audit of the Ohio Department of Education

## Higher Education

- Removes the language opposed by OEA that would have changed the definition of full-time equivalent students who receive state subsidies to exclude out-of-state students at community colleges
- Appropriates \$6 million over the biennium, not from the Ohio College Opportunity Grant (OCOG) program, to award aid to community colleges and university branch campuses to assist students in the purchasing of textbooks and instructional materials
- Requires all students applying to the College Credit Plus program to complete the Free Application for Federal Student Aid (FAFSA).

## Department of Rehabilitation and Correction

- Retains the language from the Executive Budget proposal that requires the Office of Enterprise Development Advisory Board to solicit business proposals offering job training, apprenticeship, education programs, and employment opportunities for the Department of Rehabilitation and Correction's Ohio Penal Industries. (Under current law, the Board advises and assists the Department with the creation of training programs and jobs for inmates and releasees through partnerships with private sector businesses, including soliciting business proposals.) According to the Legislative Service Commission analysis, “the Board already more or less provides such services to the Department.”

## Department of Youth Services

- Retains the language from the Executive Budget proposal that requires the Education Services line-item (Section: 421.10; DPF Fund 1750; appropriation item 470613) to be used to fund the operating expenses of providing educational services to youth supervised by the Department of Youth Services, including, but not limited to, teachers' salaries, maintenance costs, and educational equipment.

## Department of Developmental Disabilities (DD)

- Allows county DD boards to request that the board of county commissioners establish a County Developmental Disabilities Medicaid Reserve Fund, to ensure the availability of adequate funding in the event that a tax levy for developmental disabilities services fails

## Taxation

- Eliminates income tax liability for anyone earning less than \$22,500 and cuts taxes by 4.7 percent for those earning from \$22,500 to \$88,800
- Reduces the maximum deduction for business income from \$250,000 to \$100,000 or from \$125,000 to \$50,000 for spouses filing separately
- Eliminates tax credits for film production, political campaign contributions, sales tax exemptions for sales to motor racing teams, purchase of gold coins and bullion, purchase of flight simulators, aviation repair and maintenance and fractional airplane ownership
- Requires the collection of sales taxes for online sellers grossing more than \$100,000 in Ohio sales or engaging in 200 or more transactions per year (estimated to bring in about \$35 million in additional state revenue over the biennium)
- Requires ride-share companies like Uber to collect sales taxes (estimated to generate \$16 - \$24 million in FY 2020 for the state and about \$4 - \$6 million for local governments)